GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4969
ANSWERED ON:31.03.2017
Tax Incentives to Andhra Pradesh
Malyadri Shri Sriram

Will the Minister of FINANCE be pleased to state:

(a) whether the Government proposes to provide any tax incentives to the Andhra Pradesh;

(b) if so, the details thereof including tax incentives already provided;

(c) whether the proposed tax incentives are in conformity with the special package granted to the State of Andhra Pradesh;

(d) if so, the details thereof; and

(e) if not, the tax incentives proposed to be provided under the special package compared with tax incentives already provided to the State?

Answer

ANSWER
MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI SANTOSH KUMAR GANGWAR)

(a) to (e):
There is no proposal under consideration to provide any Central Excise or Customs duty exemption/Incentive which is specific to the state of Andhra Pradesh as such. Further no such exemption or incentive has been granted specifically to the state of Andhra Pradesh.

Further, to provide relief to an individual or Hindu undivided family who was the owner of land as on 2nd June, 2014, and has transferred such land for the development of capital city of Amravati under the land pooling scheme notified under the provisions of Andhra Pradesh Capital Region Development Authority Act, 2014, it has been proposed to amend the provisions of the Income-tax Act, 1961 (the Act) so as to provide that capital gains arising from following transfer shall not be chargeable to tax under the Act:

(i) Transfer of capital asset being land or building or both, under land pooling scheme.
(ii) Sale of LPOCs by the said persons received in lieu of land transferred under the scheme.
(iii) Sale of reconstituted plot or land by said persons within two years from the end of the financial year in which the possession of such plot or land was handed over to the said persons.

It has also been proposed to provide that where reconstituted plot or land, received under land pooling scheme is transferred after the expiry of two years from the end of the financial year in which the possession of such plot or land was handed over, the cost of acquisition of such plot or land shall be deemed to be its stamp duty value on the last day of the second financial year after the end of financial year in which the possession of such asset was handed over to the assessee.
In order to encourage setting up of industrial undertakings in certain notified backward areas of Andhra Pradesh, the Finance Act, 2015 vide sections 10 and 11 inter alia provided certain direct tax incentives such as additional investment allowance (15%) and higher additional depreciation (20%) under Section 32AD and 32(1) (iia) respectively of the Income-tax Act, 1961. This higher additional depreciation and additional investment allowance are available in respect of new specified machinery or plant acquired and installed by a manufacturing undertaking or enterprise which is set up in the notified backward area of specified States on or after the 1st day of April, 2015. These tax incentives are available during the period beginning on the 1st day of April, 2015 and ending before the 1st day of April, 2020.

Accordingly seven districts of Andhra Pradesh have been notified as backward areas vide Notification number S.O. 3075(E) 28th September, 2016 to avail these direct tax benefits.

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